

**TOWN OF MOORELAND, OKLAHOMA  
MOORELAND, OKLAHOMA**

**ANNUAL FINANCIAL STATEMENTS  
AND ACCOMPANYING  
INDEPENDENT AUDITOR'S REPORT**

**FOR THE YEAR ENDED  
JUNE 30, 2014**

**TOWN OF MOORELAND, OKLAHOMA**  
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**For the fiscal year ended JUNE 30, 2014**

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**TOWN OF MOORELAND, OKLAHOMA**

**LIST OF PRINCIPAL OFFICIALS**

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**TOWN COUNCIL**

Todd Finley, Mayor

Travis Case, Vice Mayor

Willie Wyrick, Trustee

Jeremy Eilers, Trustee

Richard Burrow, Trustee

**TOWN ADMINISTRATOR**

Karen Riffel

**TOWN TREASURER AND TOWN CLERK**

Barbara Summerall



## INDEPENDENT AUDITOR'S REPORT

To the Town Council  
Town of Mooreland, OK

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mooreland, OK, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Summary of Opinions***

<u>Opinion Unit</u>	<u>Type of Opinion</u>
Governmental Activities	Qualified
Business-Type Activities	Qualified
Governmental Fund- General Fund	Qualified
Governmental Fund- Court Fund	Unmodified
Governmental Fund- Cemetery Fund	Unmodified
Governmental Fund- Cemetery Care Fund	Unmodified
Enterprise Fund- Public Works Authority	Qualified



### ***Basis for Qualified Opinion***

The Town has not maintained sufficient documentation to audit the accounts receivable for services, including the related allowance for losses, and the accrued compensated absences and their related revenue/expense account(s) for the governmental activities, business-type activities, general fund, and public works authority.

### ***Qualified Opinion***

In our opinion, except for the possible effects of the matter discussed in the "Basis for Qualified Opinion" paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the business-type activities, the general fund, and the public works authority of the Town of Mooreland, OK, as of June 30, 2014, and the changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the court fund, the cemetery fund, and the cemetery care fund of the Town of Mooreland, OK, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-10 and 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 29, 2015, on our consideration of the Town of Mooreland, OK's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Mooreland, OK's internal control over financial reporting and compliance.

FSW&B CPAs - PLLC

FSW&B CPA's- PLLC

Woodward, OK

April 29, 2015

Our discussion and analysis of the Town of Mooreland's ("Town") financial performance provides an overview of the Town's financial activities for the fiscal year ended June 30, 2014. The Town's performance is discussed and analyzed within the context of the accompanying financial statements and disclosure following this section. Please read it in conjunction with the Town's financial statements, which follow this section.

### FINANCIAL HIGHLIGHTS

- The Town's assets exceeded its liabilities by \$4,269,908 (net position) for the fiscal year reported. This compares to the previous year when assets exceeded liabilities by \$4,519,376.
- Total liabilities of the Town decreased by \$79,996 from \$1,502,769 to \$1,422,773 during the fiscal year. This is attributable to the increased payment of normal payables and debt payments made during the year.
- Total net assets are comprised of the following:
  - 1) Invested in capital assets, net of related debt, of \$1,973,237 includes property and equipment, net of accumulated depreciation, reduced for outstanding debt related to the purchase or construction of capital assets.
  - 2) Unrestricted net position of \$2,010,446 represent the portion available to maintain the Town's continuing obligations to citizens and creditors compared to \$2,263,549, last year.
  - 3) Reserve for restricted purposes of \$286,225 is restricted for debt and other obligations.
- The Town's governmental funds reported total ending fund balance of \$1,063,687 this year. This compared to the prior year ending fund balance of \$1,095,433, showing an increase of \$29,075 during the current year due to strong tax collections and management of costs.

### OVERVIEW OF THE FINANCIAL STATEMENTS

*Management's Discussion and Analysis* introduces the Town's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. The Town also includes in this report additional information to supplement the basic financial statements.

#### **Government-wide Financial Statements**

The Town's annual reporting includes two government-wide financial statements. These statements provide both long-term and short-term information about the Town's overall status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the *Statement of Net Position*. This is the Town-wide statement of financial position presenting information that includes all of the Town's assets and liabilities, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indication of whether the financial position of the Town as a whole is improving or deteriorating. Evaluation of the overall economic health of the Town would extend to other financial factors such as diversification of the taxpayer base or the condition of the Town infrastructure in addition to the financial information provided in this report.

The second government-wide statement is the *Statement of Activities*, which reports how the Town's net position changed during the current fiscal year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Town's distinct activities or functions on revenues provided by the Town's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the Town that are principally supported by taxes and intergovernmental revenues, such as grants, and business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities includes general government; public safety and judiciary; transportation; and cultural, parks, and recreation. Business-types activities include utility services provided by the Town.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The Town uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the Town's most significant funds rather than the Town as a whole.

The Town has two kinds of funds:

*Governmental funds* are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government-wide financial statements. However, the focus is different with fund statements reporting short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to the government-wide statements to assist in understanding the differences between these two perspectives.

A Budgetary comparison statement is included in the basic financial statement for the General Fund. This statement demonstrates compliance with the Town's adopted and final revised budget.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the Town charges customers a fee. The Town has one type of proprietary fund, enterprise funds. Enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the Town organization such as water and electric utilities.

Proprietary fund statements and statements for discretely presented component units (reporting similarly to proprietary funds) provide both long-term and short-term financial information consistent with the focus provided by the government-wide financial statements but with more detail.

### ***Notes to the financial statements***

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. Those notes to the financial statement begin immediately following the basic financial statements.

### ***Other Information***

In addition to the basic financial statements and accompanying notes, this report presents certain *Required Supplementary Information* concerning the Town's compliance with the approved and revised budget for the General Fund.

## **A FINANCIAL ANALYSIS OF THE TOWN AS A WHOLE**

Changes in net position may be observed and used to discuss the changing financial position of the Town as a whole. The Town's net position at fiscal yearend was \$4,269,908. This is a \$249,468 decrease over last year's net assets of \$4,519,376. The following table provides a summary of the Town's net assets at June 30 after the adjustment to fund balance:

	Governmental Activities		Business-Type Activities		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
Current assets	\$ 1,121,966	\$ 1,095,433	\$ 1,319,100	\$ 1,538,387	\$ 2,441,066	\$ 2,633,820	\$ (192,754)	-7%
Capital assets, net	1,556,828	1,646,265	1,694,787	1,742,060	3,251,615	3,388,325	(136,710)	-4%
<b>Total assets</b>	<b>\$ 2,678,794</b>	<b>\$ 2,741,698</b>	<b>\$ 3,013,887</b>	<b>\$ 3,280,447</b>	<b>\$ 5,692,681</b>	<b>\$ 6,022,145</b>	<b>\$ (329,464)</b>	<b>-5%</b>
Current liabilities	\$ 29,204	\$ 31,746	\$ 206,171	\$ 190,868	\$ 235,375	\$ 222,714	\$ 12,661	6%
Non-current liabilities	-	-	1,187,398	1,280,055	1,187,398	1,280,055	(92,657)	-7%
<b>Total liabilities</b>	<b>29,204</b>	<b>31,746</b>	<b>1,393,569</b>	<b>1,471,023</b>	<b>1,422,773</b>	<b>1,502,769</b>	<b>(79,996)</b>	<b>-5%</b>
<b>Net position</b>								
Invested in capital assets, net of related debt	1,556,828	1,646,265	416,409	376,346	1,973,237	2,022,611	(49,374)	-2%
Restricted	63,629	116,368	222,596	116,848	286,225	233,216	53,009	100%
Unrestricted	1,029,133	947,319	981,313	1,316,230	2,010,446	2,263,549	(253,103)	-11%
<b>Total net position</b>	<b>\$ 2,649,590</b>	<b>\$ 2,709,952</b>	<b>\$ 1,620,318</b>	<b>\$ 1,809,424</b>	<b>\$ 4,269,908</b>	<b>\$ 4,519,376</b>	<b>\$ (249,468)</b>	<b>-6%</b>

The Town reported positive balances in net assets for both governmental and business-type activities. Net position decreased \$60,362 or 2% for governmental activities and \$189,106 or 10% for business-type activities. The Town's overall financial position declined 6% during fiscal year 2014.

	Governmental Activities		Business-type Activities		Totals		Change	
	2014	2013	2014	2013	2014	2013	\$	%
<b>Revenues</b>								
Program revenues	\$ 77,822	\$ 337,792	\$ 1,427,468	\$ 1,353,652	\$ 1,505,290	\$ 1,691,444	\$ (186,154)	-11%
Taxes and other general revenues	576,600	335,509	21,708	19,705	598,308	355,214	243,094	68%
<b>Total revenues</b>	<b>654,422</b>	<b>673,301</b>	<b>1,449,176</b>	<b>1,373,357</b>	<b>2,103,598</b>	<b>2,046,658</b>	<b>56,940</b>	<b>3%</b>
<b>Expenses</b>								
General government	159,864	76,278	-	-	159,864	76,278	83,586	110%
Public safety and judiciary	242,484	248,291	-	-	242,484	248,291	(5,807)	-2%
Transportation	204,253	178,014	-	-	204,253	178,014	26,239	15%
Cultural, parks, and recreation	84,190	60,499	-	-	84,190	60,499	23,691	39%
Electric	-	-	964,655	875,185	964,655	875,185	89,470	10%
Water	-	-	445,255	280,084	445,255	280,084	165,171	59%
Sewer	-	-	47,188	51,884	47,188	51,884	(4,696)	-9%
Sanitation	-	-	62,239	70,395	62,239	70,395	(8,156)	-12%
Customer service	-	-	142,938	58,213	142,938	58,213	84,725	146%
<b>Total expenses</b>	<b>690,791</b>	<b>563,082</b>	<b>1,662,275</b>	<b>1,335,761</b>	<b>2,353,066</b>	<b>1,898,843</b>	<b>454,223</b>	<b>24%</b>
Excess (deficiency) before transfers	(36,369)	110,219	(213,099)	37,596	(249,468)	147,815	(397,283)	-269%
Transfers	(23,993)	-	23,993	-	-	-	-	0%
<b>Increase (decrease) in net assets</b>	<b>\$ (60,362)</b>	<b>\$ 110,219</b>	<b>\$ (189,106)</b>	<b>\$ 37,596</b>	<b>\$ (249,468)</b>	<b>\$ 147,815</b>	<b>\$ (397,283)</b>	<b>-269%</b>

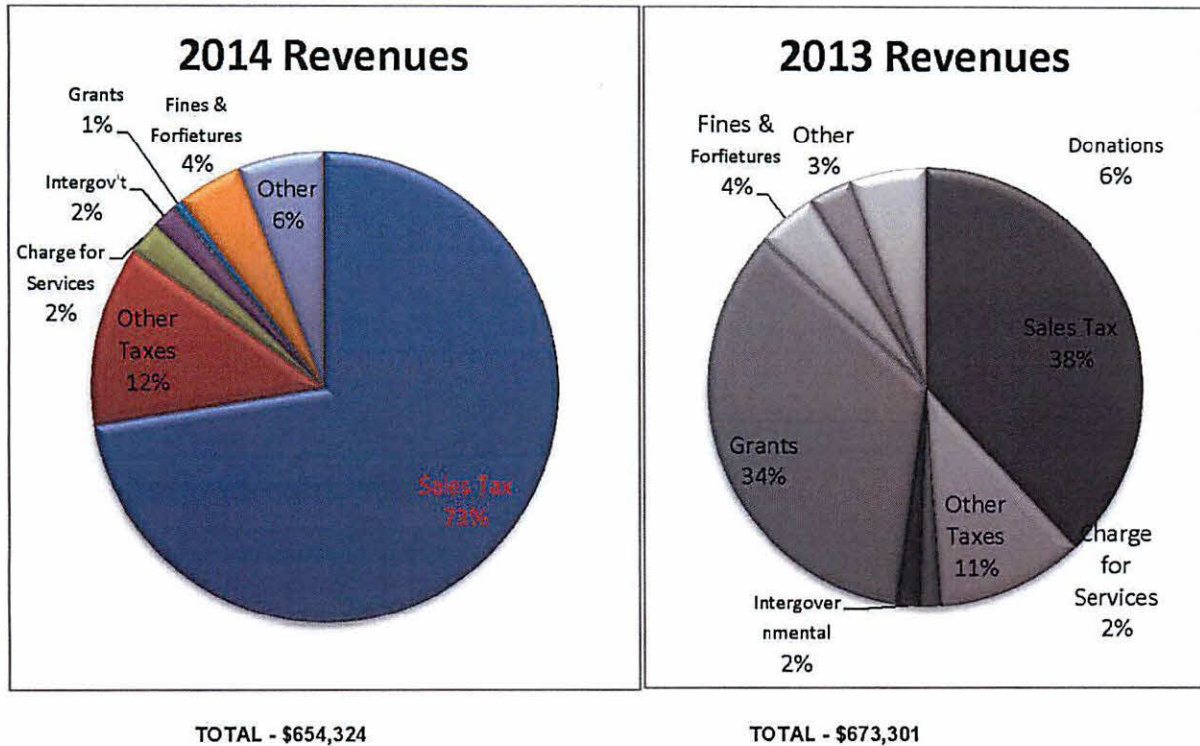
Revenues remained consistent between periods noting a marginal increase of 3%. Utility revenues remained fairly consistent between periods, generating an additional 5% in revenues.

Operating expenses increased 24% over prior year. The majority of this increase is reflected in general government, water, and customer service expenses. During fiscal year 2014, the Town hired new

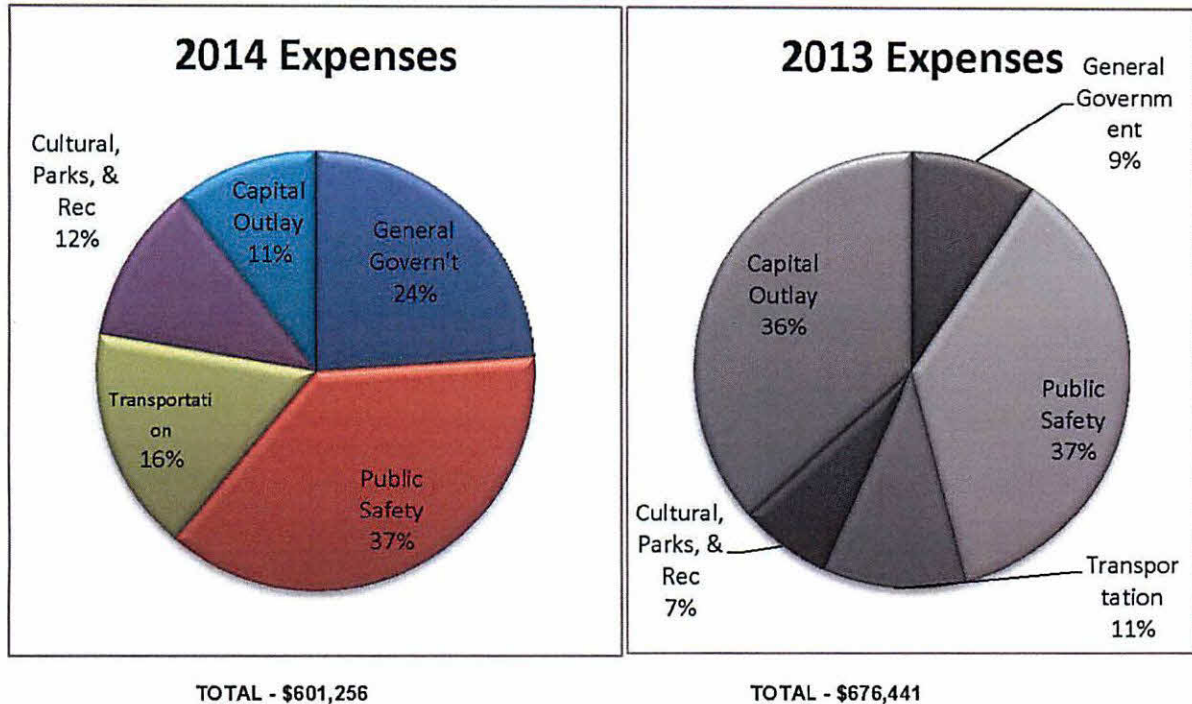


management for the governmental and business-type activities. With the change in management, the Town focused efforts on maintenance and repairs in the utility systems and well as processing efficiencies as a whole. The increase in personnel is reflected both in general government and customer service.

Graphic presentations of selected data from the summary table follow to assist in the analysis of the Town's activities for fiscal year 2014.

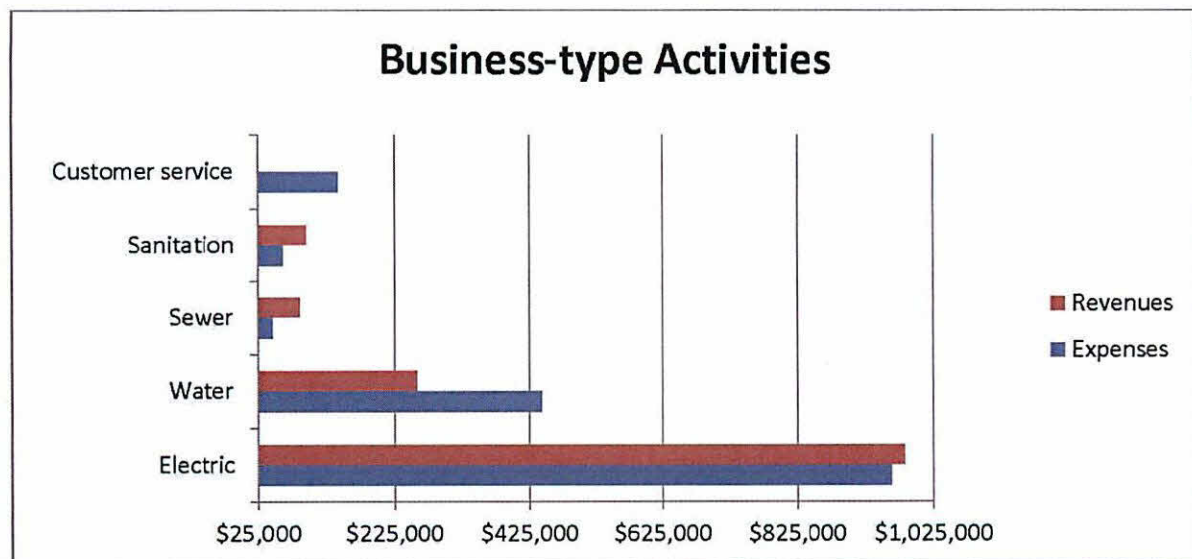


In the current year, sales tax provided the largest source of revenues for governmental activities at 73% of budget. In prior year, sales tax provided for 38% of the Town's governmental revenues due to the large grant receipts from the FAA equal to \$268,338 in 2013. Smaller revenue sources remained consistent.



This graph shows the total governmental activities cost of \$601,256 for 2014. Of this amount, public safety at \$223,579, was the largest operating service cost representing 37% of total cost of services in 2014 which is consistent with prior year. Following closely behind, general government was the next largest use of fund at \$143,975 or 24% of total costs. These costs were primarily funded by taxes. It should be noted that governmental expenses were adjusted from the fund statements to the government-wide statements for the purchase and construction of capital assets. For the government-wide full accrual statements, capital outlay expenses are eliminated and capital assets reported.

#### Business-type Activities



Business-type activities are shown comparing costs to revenues generated by related services. Sanitation, sewer, water, and electric activities are intended to be self-supporting with user charges and other revenues designed to recover costs. Other activities provide services with minimal user charges.

**General Fund Budgetary Highlights**

The adopted General Fund budget for fiscal year 2014 was \$650,071 excluding transfers. The General Fund budget complied with financial policies approved by the Town.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of June 30, 2014, the Town had \$1,973,237 invested in capital assets, net of depreciation, including vehicles and equipment for police and fire operations, park facilities, and street activities in governmental activities and electric lines, water lines and sewer lines in business-type activities. See table below.

**Primary Government Capital Assets (net of accumulated depreciation)**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>			
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Land	\$ 64,000	\$ 64,000	\$ 4,730	\$ 4,730	\$ 68,730	\$ 68,730
Construction in process	188,385	188,385	27,055	49,570	215,440.00	237,955
Buildings	107,961	118,861	1,356	1,717	109,317	120,578
Infrastructure	1,130,731	1,209,210	-	-	1,130,731	1,209,210
Machinery & equipment	65,750	65,810	71,491	25,358	137,241	91,168
Utility property & Improvements	-	-	1,590,153	1,660,683	1,590,153	1,660,683
<b>Totals</b>	<b><u>\$ 1,556,827</u></b>	<b><u>\$ 1,646,266</u></b>	<b><u>\$ 1,694,785</u></b>	<b><u>\$ 1,742,058</u></b>	<b><u>\$ 3,251,612</u></b>	<b><u>\$ 3,388,324</u></b>

- In Governmental Activities, the most significant additions included storm sirens.
- In Business-type Activities, capital additions (CIP) included remote read meters, utility billing software, and additional security measures.

**Long-Term Debt**

At year-end, the Town had \$1,187,398 in long-term debt outstanding. The Town's changes in long-term debt by type of debt are as follows:

**Primary Government Long-Term Debt**

	<b>Governmental</b>		<b>Business-type</b>		<b>Total</b>	
	<b><u>Activities</u></b>		<b><u>Activities</u></b>			
	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2013</u></b>
Revenue bonds	\$ -	\$ -	\$ 1,039,577	\$ 1,094,187	\$ 1,039,577	\$ 1,094,187
Notes payable	-	14,735	238,801	271,526	238,801	286,261
<b>subtotal</b>	<b>-</b>	<b>14,735</b>	<b>1,278,378</b>	<b>1,365,713</b>	<b>1,278,378</b>	<b>1,380,448</b>
<b>less current portion</b>	<b>-</b>	<b>(14,735)</b>	<b>(90,980)</b>	<b>(85,659)</b>	<b>(90,980)</b>	<b>(100,394)</b>
<b>Totals</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 1,187,398</u></b>	<b><u>\$ 1,280,054</u></b>	<b><u>\$ 1,187,398</u></b>	<b><u>\$ 1,280,054</u></b>

## **ECONOMIC FACTORS AND NEXT YEARS'S BUDGET AND RATES**

### **Economic Environment**

According to the Oklahoma Economic Report, the state's twelve-month gross receipts have reached an all time high, surpassing the previous record set in December 2008. State Treasurer, Ken Miller, Oklahoma has "regained and moved past the ground it lost during the Great Recession". Although the national economy has been sluggish, Oklahoma has shown significant improvement. The economic environment of the state sheds light on that local economy, as the Town has also seen improvement.

The Town of Mooreland has noted an increase in sales and other tax revenues when compared to prior year. Utility billing has remained strong. Continued improvement in the Town's economic position is cautiously projected.

## **CONTACTING THE TOWN'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Town Clerk's Office at PO Box 157, Mooreland, Oklahoma, 73852 or phone at (580) 994-5924.



**Town of Mooreland, Oklahoma**  
**Statement of Net Position**  
**June 30, 2014**

<b>ASSETS</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 729,372	\$ 587,503	\$ 1,316,875
Investments, including time deposits	100,000	354,313	454,313
Accounts receivable, net	46,547	154,688	201,235
Total current assets	<u>875,919</u>	<u>1,096,504</u>	<u>1,972,423</u>
<b>Restricted assets:</b>			
Cash and cash equivalents	234,547	194,496	429,043
Investments, including time deposits	11,500	28,100	39,600
Total restricted assets	<u>246,047</u>	<u>222,596</u>	<u>468,643</u>
<b>Noncurrent Assets:</b>			
Land and construction in progress	252,384	4,730	257,114
Other capital assets (net of accumulated depreciation)	1,304,444	1,690,057	2,994,501
Total noncurrent assets	<u>1,556,828</u>	<u>1,694,787</u>	<u>3,251,615</u>
<b>Total assets</b>	<u>\$ 2,678,794</u>	<u>\$ 3,013,887</u>	<u>\$ 5,692,681</u>
 <b>LIABILITIES</b>			
<b>Current liabilities:</b>			
Accounts payable	\$ 9,541	\$ 16,498	\$ 26,037
Accrued expenses payable	19,663	-	19,663
Wages and benefits payable	-	14,337	14,337
Notes payable, current	-	32,449	32,449
Bonds payable, current	-	58,531	58,531
Total current liabilities	<u>29,204</u>	<u>121,813</u>	<u>151,017</u>
<b>Liabilities payable from restricted assets:</b>			
Accrued interest payable	-	9,419	9,419
Customer deposits payable	-	74,939	74,939
Total liabilities payable from restricted assets	<u>-</u>	<u>84,358</u>	<u>84,358</u>
<b>Noncurrent liabilities:</b>			
Notes payable, non-current	-	206,352	206,352
Bonds payable, non-current	-	981,046	981,046
Total noncurrent liabilities	<u>-</u>	<u>1,187,398</u>	<u>1,187,398</u>
<b>Total liabilities</b>	<u>29,204</u>	<u>1,393,569</u>	<u>1,422,773</u>
 <b>NET POSITION</b>			
Net investment in capital assets	1,556,828	416,409	1,973,237
Restricted	63,629	222,596	286,225
Unrestricted	1,029,133	981,313	2,010,446
<b>Total net position</b>	<u>\$ 2,649,590</u>	<u>\$ 1,620,318</u>	<u>\$ 4,269,908</u>

**Town of Mooreland, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues			Net (Expense)/ Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants & Contributions	
<b>Governmental activities:</b>					
General government:					
General government	\$ 159,864	\$ 7,010	\$ -	\$ -	\$ (152,854)
Total general government	159,864	7,010	-	-	(152,854)
Public safety and judiciary:					
Police	173,054	28,975	-	-	(144,079)
Fire	65,552	-	2,000	4,474	(59,078)
Municipal Court	3,270	-	-	-	(3,270)
Emergency Management	608	-	-	-	(608)
Total public safety and judiciary	242,484	28,975	2,000	4,474	(207,035)
Transportation:					
Street	133,389	-	11,558	-	(121,831)
Airport	70,864	10,082	-	-	(60,782)
Total transportation	204,253	10,082	11,558	-	(182,613)
Cultural, parks and recreation:					
Park	66,606	5,898	-	-	(60,708)
Cemetery	17,584	7,825	-	-	(9,759)
Total cultural, parks and recreation	84,190	13,723	-	-	(70,467)
Total governmental activities	690,791	59,790	13,558	4,474	(612,969)
<b>Business-type activities:</b>					
Electric	964,655	984,503	-	-	19,848
Water	445,255	259,835	-	-	(185,420)
Sewer	47,188	86,426	-	-	39,238
Sanitation	62,239	96,703	-	-	34,464
Customer service	142,938	-	-	-	(142,938)
Total business-type activities	1,662,275	1,427,467	-	-	(234,808)
<b>Total primary government</b>	<b>\$ 2,353,066</b>	<b>\$ 1,487,257</b>	<b>\$ 13,558</b>	<b>\$ 4,474</b>	<b>\$ (847,777)</b>

Town of Mooreland, Oklahoma  
Statement of Activities (continued)  
Year Ended June 30, 2014

Changes in Net Position:	Primary Government		
	Governmental Activities	Business-type Activities	Total
Net (expense)/revenue	\$ (612,969)	\$ (234,808)	\$ (847,777)
General revenues:			
Taxes:			
Sales taxes	474,177	-	474,177
Use taxes	48,220	-	48,220
Franchise taxes	14,515	-	14,515
Alcoholic beverage tax	12,658	-	12,658
Cigarette tax	5,605	-	5,605
Investment income	1,697	1,441	3,138
Miscellaneous	19,728	20,268	39,996
Transfers - Internal activity, net	(23,993)	23,993	-
Total general revenues and transfers	552,607	45,702	598,309
Change in net position	(60,362)	(189,106)	(249,468)
Net position - beginning	2,709,952	1,809,424	4,519,376
Net position - ending	\$ 2,649,590	\$ 1,620,318	\$ 4,269,908

**Town of Mooreland, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2014**

	<u>General Fund</u>	<u>Court Fund</u>	<u>Cemetery Fund</u>	<u>Cemetery Care Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash	\$ 729,372	\$ 88,102	\$ 95,275	\$ 51,170	\$ 963,919
Investments, including time deposits	100,000	-	-	11,500	111,500
Due from other funds	-	-	-	959	959
Revenue receivable	45,699	548	300	-	46,547
Total assets	<u>\$ 875,071</u>	<u>\$ 88,650</u>	<u>\$ 95,575</u>	<u>\$ 63,629</u>	<u>\$ 1,122,925</u>
<b>LIABILITIES</b>					
Accounts payable	\$ 9,356	\$ 185	\$ -	\$ -	\$ 9,541
Wages and benefits payable	19,663	-	-	-	19,663
Due to other funds	-	-	959	-	959
Total liabilities	<u>29,019</u>	<u>185</u>	<u>959</u>	<u>-</u>	<u>30,163</u>
<b>FUND BALANCES</b>					
Restricted	-	-	-	63,629	63,629
Assigned	-	185	94,616	-	94,801
Unassigned	846,052	88,280	-	-	934,332
Total fund balances	<u>846,052</u>	<u>88,465</u>	<u>94,616</u>	<u>63,629</u>	<u>1,092,762</u>
Total liabilities and fund balances	<u>\$ 875,071</u>	<u>\$ 88,650</u>	<u>\$ 95,575</u>	<u>\$ 63,629</u>	<u>\$ 1,122,925</u>

Total fund balance- total governmental funds \$ 1,092,762

Amounts reported for governmental activities in the Statement of Net Position are different because:

Land and capital assets, net of accumulated depreciation, are not financial resources and, therefore, are not reported in the funds.

Land and construction in process	\$ 252,384	
Depreciable capital assets	2,682,214	
Less: Accumulated depreciation	<u>(1,377,770)</u>	<u>1,556,828</u>

Net position of governmental activities \$ 2,649,590

**Town of Mooreland, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2014**

	General Fund	Court Fund	Cemetery Fund	Cemetery Care Fund	Total Governmental Funds
<b><u>REVENUES</u></b>					
Sales tax	\$ 474,177	\$ -	\$ -	\$ -	\$ 474,177
Use tax	48,220	-	-	-	48,220
Beverage tax	12,658	-	-	-	12,658
Franchise taxes	14,515	-	-	-	14,515
Cigarette tax	5,605	-	-	-	5,605
Licenses and permits	2,707	-	-	-	2,707
Fines and forfeitures	-	28,975	-	-	28,975
Investment income	823	37	837	-	1,697
Charges for services	7,180	-	7,825	-	15,005
Rental income	13,005	-	-	-	13,005
Intergovernmental	11,558	-	-	-	11,558
Grants	4,474	-	-	-	4,474
Donations	2,000	-	-	-	2,000
Miscellaneous	19,728	-	-	-	19,728
Total revenues	616,650	29,012	8,662	-	654,324
<b><u>EXPENDITURES</u></b>					
General government:					
General government	143,975	-	-	-	143,975
Total general government	143,975	-	-	-	143,975
Public safety and judiciary:					
Police	171,704	-	-	-	171,704
Fire	48,142	-	-	-	48,142
Emergency management	463	-	-	-	463
Court	-	3,270	-	-	3,270
Total public safety and judiciary	220,309	3,270	-	-	223,579
Transportation:					
Street	89,977	-	-	-	89,977
Airport	9,387	-	-	-	9,387
Total transportation	99,364	-	-	-	99,364
Cultural, parks and recreation:					
Park	54,086	-	-	-	54,086
Cemetery	-	-	16,759	-	16,759
Total cultural, parks and recreation	54,086	-	16,759	-	70,855
Capital outlay	63,483	-	-	-	63,483
Total expenditures	581,227	3,270	16,759	-	601,256
Excess (deficiency) of revenues over expenditures	35,423	25,742	(8,097)	-	53,068
<b><u>OTHER FINANCING SOURCES (USES)</u></b>					
Transfers in	4,123	-	-	959	5,082
Transfers out	(29,075)	-	-	-	(29,075)
Total other financing sources and uses	(24,952)	-	-	959	(23,993)
Net change in fund balances	10,471	25,742	(8,097)	959	29,075
Fund balances - beginning	835,581	62,723	102,713	62,670	1,063,687
Fund balances - ending	\$ 846,052	\$ 88,465	\$ 94,616	\$ 63,629	\$ 1,092,762

**Town of Mooreland, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**June 30, 2014**

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Reconciliation of the change in fund balances - total governmental funds  
to the change in net position of governmental activities:

Net change in fund balances - total governmental funds	\$ 29,075
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Governmental funds report capital outlays as expenditures. However, in the  
statement of activities, the cost of those assets is allocated over their estimated  
useful lives and reported as depreciation expense.

Capital asset purchases capitalized	63,483
Depreciation expense	<u>(152,920)</u>

Change in Net Position of Governmental Activities	<u>\$ (60,362)</u>
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**Town of Mooreland, Oklahoma**  
**Statement of Net Position**  
**Proprietary Funds**  
**June 30, 2014**

	<u>Business-type Activities</u>
	<u>Public Works Authority</u>
<b>ASSETS</b>	
Current assets:	
Cash and cash equivalents	\$ 587,503
Investments	354,313
Accounts receivable (net)	154,888
Total current assets	<u>1,096,504</u>
Restricted assets:	
Cash and cash equivalents	194,496
Investments	28,100
Total restricted assets	<u>222,596</u>
Noncurrent assets:	
Capital assets (net)	1,694,787
Total noncurrent assets	<u>1,694,787</u>
<b>Total assets</b>	<u><u>\$ 3,013,887</u></u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 16,496
Wages and benefits payable	14,337
Notes payable, current	32,449
Bonds payable, current	58,531
Total current liabilities	<u>121,813</u>
Liabilities payable from restricted assets:	
Accrued interest payable	9,419
Customer deposits payable	74,939
Total liabilities payable from restricted assets	<u>84,358</u>
Noncurrent liabilities:	
Notes payable, non-current	206,352
Bonds payable, noncurrent	981,046
Total noncurrent liabilities	<u>1,187,398</u>
<b>Total liabilities</b>	<u><u>1,393,569</u></u>
<b>NET POSITION</b>	
Net investment in capital assets	416,409
Restricted	222,596
Unrestricted	981,313
<b>Total net position</b>	<u><u>\$ 1,620,318</u></u>

**Town of Mooreland, Oklahoma**  
**Statement of Revenues, Expenses and Changes in Fund Net Position**  
**Proprietary Funds**  
**Year Ended June 30, 2014**

	<u><b>Business-type Activities</b></u>
	<u><b>Public Works Authority</b></u>
<b><u>Operating revenues:</u></b>	
Charges for services:	
Electric charges	\$ 984,503
Water charges	259,835
Sewer charges	86,426
Sanitation charges	96,703
Total charges for services	<u>1,427,467</u>
Miscellaneous	20,268
Total operating revenues	<u>1,447,735</u>
<b><u>Operating expenses:</u></b>	
Cost of goods sold	731,220
Personal services	307,871
Materials and supplies	132,394
Other services and charges	385,677
Depreciation and amortization	87,940
Total operating expenses	<u>1,645,102</u>
Net operating income	\$ (197,367)
<b><u>Nonoperating revenue (expense):</u></b>	
Investment income	1,441
Interest expense	(17,173)
Total nonoperating revenue (expense)	<u>(15,732)</u>
<b>Net income before contributions and transfers</b>	(213,099)
Transfers from other funds	33,475
Transfers to other funds, net	<u>(9,482)</u>
<b>Change in net position</b>	(189,106)
Net position - beginning of year	1,809,424
Net position-end of year	<u>\$ 1,620,318</u>



Town of Mooreland, Oklahoma  
Statement of Cash Flows  
Proprietary Funds  
Year Ended June 30, 2014

	<u>Business-type Activities</u>
	<u>Public Works Authority</u>
<b><u>Cash flows from operating activities:</u></b>	
Receipts from customers	\$ 1,409,738
Payments to suppliers	(1,248,818)
Payments to employees	(307,871)
Other operating revenues	20,268
<b>Net cash provided (used) by operating activities</b>	<u>(126,683)</u>
<b><u>Cash flows from non-capital financing activities:</u></b>	
Transfers from other funds	33,475
Transfers to other funds	(9,482)
<b>Net cash provided (used) by non-capital financing activities</b>	<u>23,993</u>
<b><u>Cash flows from capital and related financing activities:</u></b>	
Purchase of capital assets	(40,667)
Principal paid on capital debt	(87,335)
Interest paid on capital debt	(7,765)
<b>Net cash provided (used) by capital and related financing activities</b>	<u>(135,767)</u>
<b><u>Cash flows from investing activities:</u></b>	
Investment income	1,441
<b>Net cash provided (used) by investing activities</b>	<u>1,441</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	(237,016)
<b>Cash and cash equivalents, July 1, 2013</b>	<u>1,401,428</u>
<b>Cash &amp; cash equivalents, June 30, 2014</b>	<u>\$ 1,164,412</u>
<b>Cash, including time deposits</b>	\$ 941,816
<b>Restricted cash, including time deposits</b>	222,596
<b>Total cash and cash equivalents, end of year</b>	<u>\$ 1,164,412</u>
<b><u>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</u></b>	
Operating income (loss)	\$ (197,367)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation and amortization	87,940
Non-operating revenue (expense)	
<i>Changes in assets and liabilities:</i>	
(Increase) decrease in accounts receivable	(17,729)
Increase (decrease) in accounts payable	(10,889)
Increase (decrease) in accrued expenses	3,970
Increase (decrease) in deposits subject to refund	7,392
<b>Total adjustments</b>	<u>70,684</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ (126,683)</u>

**(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Organization**

The Town of Mooreland, Oklahoma (the "Town") is incorporated under the provisions of the State of Oklahoma. The Town operates under the Statutory Town Board of Trustees form of government. The Town provides the following services: public safety (police and fire protection), street maintenance, utility (sanitation, water, sewer, and electric), culture, recreation, public improvements, municipal cemetery, and general administrative services.

The accounting and reporting framework and the more significant accounting principles and practices of the Town are discussed in subsequent sections of this notes. The remainder of the notes is organized to provide explanations, including required disclosure, of the Town's financial activities for the fiscal year ended June 30, 2014.

***The Reporting Entity***

The Town, for financial purposes, includes all of the funds and account groups relevant to the operation of the Town of Mooreland. The accompanying financial statements present the Town's primary government and component units over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The financial statements presented herein do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from the Town of Mooreland.

Due to restrictions of the state constitution relating to the issuance of municipal debt, public trusts are created to finance Town services with revenue bonds or other non-general obligation financing and provide for multi-year contracting. Financing services provided by these public trusts are solely for the benefit of the Town. Public trusts created to provide financing services are blended into the Town's primary government as an integral part of Town operations although retaining separate legal identity. Component units that do not meet the criteria from blending are reported discretely.

**Blended Component Units Reported with Primary Government**

Mooreland Public Works Authority (the "Authority") – was created on September 15, 1966 under and pursuant to Title 60 of the Oklahoma Statutes by a Declaration of the Trust. The trust indenture was amended in its entirety on December 16, 1991. On November 21, 2002, the trust indenture was amended to delete Article VIII, paragraph 36, in its entirety. This Article had previously restricted the Authority's borrowing authority. The Town has beneficial interest and the trustees of the Town serve as Trustees of the Authority. Town employees carry on the activities of the Authority. The Authority provides electric, water, sewer, and trash services to the citizens of Mooreland. Accounts of the Authority are recorded in business-type activities.

**B. Basis of Presentation**

***Government-Wide Financial Statements:***

The government-wide financial statements include the statement of net position and statement of activities. These statements report financial information for the Town as a whole. The statements distinguish governmental activities, generally supported by taxes and Town general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and City general revenues, from business-type activities, generally financed in whole or in part with fees charged to external customers.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services with usage fees, fines and forfeitures, and other charges to users of the Town's services; (2) operating grants and contributions which finance annual operating activities; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. Taxes and other revenues sources not properly included with program revenues are reported as general revenues.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or utility services.

Certain reclassifications have been made to prior period balances in order to conform to the current period's presentation.

***Fund Financial Statements***

Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into two major categories: governmental and proprietary.

***Measurement Focus and Basis of Accounting***

The financial statements of the Town are prepared in accordance with US GAAP. The Town applies all relevant GASB pronouncements.

The government-wide statements report using the economic resources measurements focus and the accrual basis of accounting. Proprietary and fiduciary fund financial statements and financial statements of the Town's component units also report using the same focus and basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when they are both measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The Town considered revenues to be available if they are collected within 60 days of the end of the fiscal year. Expenses are recorded when the related fund liability is incurred.

Major revenue sources susceptible to accrual include: sales and use taxes, intergovernmental revenues, and investment income. In general, other revenues are recognized when cash is received.

Operating income reported in the proprietary fund financial statements includes revenues and expenses related to the primary, continuing operations of the fund. Principal operating revenues for proprietary funds are charges to customers for sales or services. Principal operating expenses are the costs of provided goods or services and include administrative expenses and depreciation of capital assets. Other revenues and expenses are classified as non-operating in the financial statements.

***Restricted Assets***

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, then unrestricted resources as needed. Restricted assets and liabilities current in nature are reported with current assets and current liabilities in the financial statements.

***Use of Estimates***

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect certain reporting amounts and disclosures; accordingly, actual results could differ from those estimates.

***Interfund Balances***

Generally, outstanding balances between funds reported and due to/due from other funds include outstanding charges by one fund to another for services or goods or miscellaneous receivables/payables between funds. Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year and are described as due to/due from other funds.

***Date of Management's Review***

Subsequent events were evaluated through April 29, 2015, which is the date the financial statements were available to be issued.

**C. Fund Types and Major Funds**

**Major Governmental Funds**

***General Fund***

The General Fund is the primary operating fund of the Town and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in another fund.

***Special Revenue Funds***

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally or administratively restricted to expenditures for specified purposes. The reporting entity includes the following special revenue funds:

<b>FUND</b>	<b>BRIEF DESCRIPTION</b>
Court Fund	Accounts for the operations of the Town's municipal court system.
Cemetery	Accounts for the operations of the cemetery
Cemetery Care	Accounts for 12 1/2% of cemetery revenue restricted by State law for cemetery capital improvements.

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**Major Proprietary Funds**

<u>FUND</u>	<u>BRIEF DESCRIPTION</u>
<u>Mooreland Public Works Authority</u>	Accounts for the activities of the Authority in providing electric, water, sewer, and solid waste services to the public.

**D. Budgets and Budgetary Accounting**

***Budget Policy and Practice***

The Town Clerk submits an annual budget to the Board of Trustees in accordance with the Oklahoma Municipal Budget Act. The budget is presented to the Board of Trustees for review, and public hearings are held to address priorities and the allocation of resources. In June, the Board of Trustees adopts the annual fiscal year budgets for Town operating funds. Budget amendments or supplements may be made during the year when unexpected modifications are required in estimated revenues and appropriations. Budget amendments are recommended by the Town Clerk and must be approved by the board of Trustees. Public trusts submit budgets and other planning documents to their respective governing bodies. Other funds budgeted on a project-length basis are also subjected to the Board of Trustees review and approval process.

***Budgetary Control***

Each fund's appropriated budget is prepared on a detailed line item basis. Revenues are budgeted by source. Expenditures are budgeted by department and object class as follows: personal services, other services and charges, materials and supplies, capital outlay, transfers, and debt service. This legal level of control is by department within a fund. Expenditures may not exceed appropriations at this level. Budget revisions at this level are subject to final review by the Town Council. Within these control levels, management may transfer appropriations without Board approval.

***Budget Basis of Accounting***

The combined statements of revenues, expenditures and changes in fund balances (budget and actual) present comparisons of legally adopted budgets with actual data on a budgetary basis. The budgetary basis of accounting differs from GAAP in that the cash basis of accounting is used. Revenues are budgeted in the year receipt is expected; and expenditures, which include encumbrances, are budgeted in the year that the applicable purchase orders are expected to be issued. All appropriations (including encumbered) lapse at year-end; any open encumbrances to be honored in the subsequent budget year are reappropriated in the new year's budget. As a result, no reserve for encumbrances is reported at year-end.

The budget amounts shown in the financial statements are the final authorized amounts as revised during the year.

**E. Assets, Liabilities and Equity**

***Cash and Investments***

For the purposes of the combined balance sheet and the statement of cash flows, "cash and cash equivalents" includes all demand deposits, savings accounts and certificates of deposits or short-term investments (including restricted assets) with an original maturity of three months or less. Deposits are stated at cost.

Investments are reported at fair value which is determined using market prices. Short-term investments are reported at cost, which approximates fair value.

***Allowance for Uncollectible Accounts***

Significant receivables include sales and use tax receivables and amounts due from customers primarily for utility services. These receivables are due within one year. The Town has established an allowance for collectible accounts based on management's prior experience using past due amounts more than 60 to 90 days. Management does not believe there are significant losses in excess of the allowance.

***Property, Plant and Equipment***

The accounting treatment over property, plant and equipment (fixed assets) depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

***Government-Wide Statements:***

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost, if actual is unavailable, except for donated fixed assets which are recorded at their estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the asset value or materially extend the useful lives are not capitalized.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Proprietary fund and similar component unit fixed assets are recorded

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

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In the respective funds or component units and depreciated using the straight-line method. When proprietary fund fixed assets are disposed, the cost and applicable accumulated depreciation is removed from the respective accounts, and the resulting gain or loss is recorded in operations. Estimated useful lives, in years, for depreciable assets are as follows:

• Buildings	25-50 years
• Other improvements	2-50 years
• Machinery, furniture & equipment	5-20 years
• Infrastructure	25-50 years

***Fund Financial Statements:***

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide statements.

**Long-Term Debt**

In the government-wide, proprietary, and component unit financial statements, outstanding debt is reported as a liability.

**Equity Classifications**

***Governmental Fund Balances***

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

**Nonspendable**

Fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned),

**Restricted**

Fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation,

**Committed**

Fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Town Council, the Town's highest level of decision-making authority,

**Assigned**

Fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed, and

**Unassigned**

Fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications

***Net Position***

Both proprietary fund financial statements and government-wide financial statements report net position. Amounts invested in capital assets, net of related debt and legally restricted amounts are separated from unrestricted net assets.

**Invested in capital assets, net of related debt**

The amount restricted consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**Restricted net position**

Amounts reported as restricted consist of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**F. Revenues, Expenditures and Expenses**

**Sales Tax**

The Town levied a 3% sales tax on taxable sales within the Town. The sales tax is collected by the Oklahoma Tax Commission and remitted to the Town in the month following receipt by the Tax Commission. The sales tax received is recorded as sales tax revenue within the general fund.

**Charges for Services**

Program revenues reported with governmental activities include charges for services like permits and fees, park charges, and fines and forfeitures. Business-type activity charges for services include all operating income of proprietary funds.

**Grants and Contributions**

Governmental grants and contributions primarily consist of grants from Federal and state agencies. The nature of the grant determines if it is reported as operating or capital program revenues.

Business-type activity grants and contributions include donations from others as well as grants from Federal and state agencies.

**Interfund Transfers**

Permanent reallocation of resources between funds of the reporting entity is classified as interfund transfers. Recurring transfers for operational purposes are classified as "operating transfers", while non-recurring transfers of equity are reported as "residual equity transfers".

**(2) STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

By its nature as local government unit, the Town and its component unit are subject to various federal, state and local laws and contractual regulations. An analysis of the Town's compliance with significant laws and regulations and demonstration of its stewardship over town resources follows:

**A. Deficit Fund Net Assets/Fund Balance**

Deficits resulting from accrual reporting do not constitute violations of Oklahoma State Statutes.

The Town reported no deficit fund net positions or fund balances for the fiscal year.

**B. Budget Requirements**

For the year ended June 30, 2014, the Town did not materially overspend in any department.

**C. Revenue Restrictions**

The Town has various restrictions placed over certain revenue sources from state or local or administrative requirements. The primary restricted revenue sources include:

<u>REVENUE SOURCE</u>	<u>LEGAL RESTRICTIONS OF USE</u>
Gasoline Excise/Commercial Vehicle Tax	Street and Alley Purposes
Cemetery Revenue (12.5%)	Cemetery Capital Improvements

**(3) DETAIL NOTES ON TRANSACTION CLASSES/ACCOUNTS**

**A. Cash and Investments**

**Deposits**

Custodial credit risk for deposits is the risk that in the event of a bank failure, the Town's deposits may not be returned or the Town will not be able to recover collateral securities in the possession of an outside party. The Town's deposits are secured by collateral values at market or par, whichever is lower, less the amount covered by the Federal Deposit Insurance Corporation (FDIC). Deposited funds may be invested in certificates of deposit in institutions with an established record of fiscal health and service.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes.

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**Investments**

The Town invests primarily in certificates of deposit.

<u>Types of Investments</u>	<u>Fair Value/ Carrying Amount</u>	<u>Cost</u>	<u>Average Credit Quality/ Ratings (1)</u>	<u>Weighted Average Days to Maturity (2)</u>
<b>Governmental Activities</b>				
<b><u>INVESTMENTS:</u></b>				
Certificates of deposit	\$ 111,500	\$ 111,500	N/A	123
Total investments	<u>111,500</u>	<u>111,500</u>		
Total governmental investments	<u>\$ 111,500</u>	<u>\$ 111,500</u>		

**RECONCILIATION TO STATEMENT OF NET POSITION**

Investments, unrestricted	\$ 100,000
Investments, restricted	11,500
Total governmental investments	<u>\$ 111,500</u>

**Business-type Activities**

**INVESTMENTS:**

Certificates of deposit	\$ 382,367	\$ 382,367	N/A	76
Total investments	<u>382,367</u>	<u>382,367</u>		
Total business-type investments	<u>\$ 382,367</u>	<u>\$ 382,367</u>		

**RECONCILIATION TO STATEMENT OF NET POSITION**

Investments, unrestricted	\$ 354,313
Investments, restricted	28,100
Total business-type investments	<u>\$ 382,413</u>

(1) Ratings are provided where applicable to indicate associated Credit Risk. N/A indicates not applicable.

(2) Interest rate risk is estimated using either duration or weighted average days to maturity depending on the respective policy.



**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**PROPERTY, PLANT AND EQUIPMENT**

**Governmental Activities:**

A summary of the changes in the governmental activities fixed assets at June 30, 2014 follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Land	\$ 64,000	\$ -	\$ -	\$ 64,000
Construction in process	188,384	-	-	188,384
Buildings & structures	268,929	-	-	268,929
Machinery, furniture, & equipment	610,681	32,233	-	642,914
Improvements other than land	1,739,120	31,250	-	1,770,370
<b>Total</b>	<b>2,871,114</b>	<b>63,483</b>	<b>-</b>	<b>2,934,597</b>
Less accumulated depreciation	1,224,849	153,018	-	1,377,867
<b>Fixed assets, net</b>	<b>\$ 1,646,265</b>	<b>\$ (89,535)</b>	<b>\$ -</b>	<b>\$ 1,556,730</b>

**Business-Type Activities:**

A summary of the proprietary fund types fixed assets at June 30, 2014 follows:

	Balance at July 1, 2013	Additions	Deletions	Balance at June 30, 2014
Land	\$ 4,730	\$ -	\$ -	\$ 4,730
Construction in process	49,571	3,500	26,015	27,056
Buildings & structures	71,628	-	-	71,628
Machinery, furniture, & equipment	253,809	63,182	-	316,991
Improvements other than land	2,194,842	-	-	2,194,842
<b>Total</b>	<b>2,574,580</b>	<b>66,682</b>	<b>26,015</b>	<b>2,615,247</b>
Less accumulated depreciation	832,520	87,940	-	920,460
<b>Fixed assets, net</b>	<b>\$ 1,742,060</b>	<b>\$ (21,258)</b>	<b>\$ (26,015)</b>	<b>\$ 1,694,787</b>

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against its operations. Accumulated depreciation is reported on proprietary fund balance sheets.



**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

Depreciation expense was charged to functions in the statement of activities as follows:

Depreciation expense charges to governmental activities:

General government	\$ 15,889
Public safety & judiciary	18,905
Transportation	104,889
Cultural, parks & recreation	13,335
Total governmental activities depreciation expense	<u>\$ 153,018</u>

Depreciation expense charges to business-type activities:

Electric	\$ 3,357
Water	71,602
Customer service	9,587
Sewer	3,394
Total business-type activities depreciation expense	<u>\$ 87,940</u>

**C. LONG-TERM DEBT**

The following is a summary of long-term debt for the year ended June 30, 2014:

**NOTE PAYABLE**

Bond payable dated 12/9/2002 to the Oklahoma Water Resources Board in the amount of \$205,000 at a fixed interest rate ranging from 1.145% to 4.695%, maturing September 15, 2022. Proceeds were used for water system improvements.	105,000
Note payable to the Oklahoma Water Resources Board for water and sidewalk improvements. The original amount due was \$324,255. Note is paid semi-annually in the amount of \$10,186 beginning March 15, 2005 at an interest rate of 1.795% plus a 0.5% administrative fee. Maturity is March 15, 2024.	179,109
Bond payable to the Oklahoma Water Resources Board in the amount of \$1,150,000 at an interest rate of 2.99% and a 0.5% administrative fee, maturing September 15, 2029. Semi-annual payments are due in the amount of \$39,436 beginning on 3/15/10. Proceeds were used for the construction of an Ion Exchange Plant to remove the nitrates from the water supply.	934,577
Note payable to the Central National Bank. The original amount due was \$79,780. Note is paid monthly in the amount of \$1,434 beginning 3/15/13 at an interest rate of 3%. Maturity is February 15, 2018.	59,692
	<u>\$ 1,278,378</u>

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**Changes in Long-Term Debt:**

The following is a summary of changes in long-term debt for the year ended June 30, 2014:

<b>Type of Debt</b>	<b>Balance at July 1, 2013</b>	<b>Amount Issued</b>	<b>Amount Retired</b>	<b>Balance at June 30, 2014</b>	<b>Due Within One Year</b>
<b>Governmental activities:</b>					
Fire Truck	\$ 14,735	\$ -	\$ 14,735	\$ -	\$ -
<b>Total governmental activities</b>	<u>\$ 14,735</u>	<u>\$ -</u>	<u>\$ 14,735</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Business-type activities:</b>					
<b>Notes Payable</b>					
OWRB #2 note payable	\$ 196,701	\$ -	\$ 17,592	\$ 179,109	\$ 16,347
Central National Bank	74,826	-	15,133	59,693	16,102
<b>Total notes payable</b>	<u>271,527</u>	<u>-</u>	<u>32,725</u>	<u>238,802</u>	<u>32,449</u>
<b>Bonds Payable</b>					
OWRB #1	\$ 115,000	\$ -	\$ 10,000	\$ 105,000	\$ 10,000
2009 Series Bonds	979,187	-	44,610	934,577	48,531
<b>Total bonds payable</b>	<u>1,094,187</u>	<u>-</u>	<u>54,610</u>	<u>1,039,577</u>	<u>58,531</u>
<b>Total business-type activities</b>	<u>\$ 1,365,714</u>	<u>\$ -</u>	<u>\$ 87,335</u>	<u>\$ 1,278,379</u>	<u>\$ 90,980</u>
<b>Total primary government debt</b>	<u>\$ 1,380,449</u>	<u>\$ -</u>	<u>\$ 102,070</u>	<u>\$ 1,278,379</u>	<u>\$ 90,980</u>

**Annual Debt Service Requirements:**

The annual debt service requirements to maturity, including principal and interest, for long-term debt as of June 30, 2014 follow:

<b>Year Ending June 30</b>	<b>Business-Type Notes Payable</b>		<b>Bonds Payable</b>	
	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>
2015	\$ 32,449	\$ 5,842	\$ 58,531	\$ 35,850
2016	32,829	4,615	60,282	33,735
2017	33,708	3,737	62,066	31,545
2018	28,854	2,856	63,912	29,279
2019	110,962	7,340	65,791	26,971
2020-2024	-	-	359,900	81,525
2025-2029	-	-	369,095	30,717
<b>Totals</b>	<u>\$ 238,802</u>	<u>\$ 24,390</u>	<u>\$ 1,039,577</u>	<u>\$ 269,622</u>

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**(4) RETIREMENT PLANS**

The Town participates in two employee pension systems as follows:

<u>Name of Plan</u>	<u>Type of Plan</u>
Oklahoma Municipal Retirement Fund	Agent Multiple Employer – Defined Benefit Plan
Oklahoma Firefighters Pension and Retirement Fund	Cost Sharing Multiple Employer – Defined Benefit Plan

**A. Oklahoma Municipal Retirement Fund**

**Plan Description**

Substantially all of the Town's full-time employees, except firefighters, participate in a defined benefit pension plan adopted by the Town and administered by the Oklahoma Municipal Retirement System, which was established to administer pension plans for municipal employees. Membership in the plan is as follows:

	<u>As of January 1, 2014</u>
Retired participants and beneficiaries	6
Active participants	10
Total	16

The following is a summary of eligibility, contribution methods and benefits provisions:

<u>Provision</u>	<u>OMRF Plan</u>
a. Eligible to Participate	All regular, full-time employees of the Town or Authority, except police, firefighters and other employees who are covered under another approved system.
b. Contributions Requirement	By Town Ordinance Yes 11.80% of covered payroll for FY14 4% of covered payroll for FY14
c. Period Required to Vest	10 years of vesting service
d. Eligibility for Distribution	<ul style="list-style-type: none"> <li>- Normal retirement at age 65 with 10 years or more of vesting service.</li> <li>- Early Retirement after age 55 with 80 points and 10 years or more years of vesting service. Points are equal to age plus completed years of service.</li> <li>- Disability retirement upon total and permanent disability after 10 or more years of service.</li> <li>- Termination before retirement age - Before vesting = return of employee contributions with interest</li> <li>- Termination after vesting = accrued benefit at normal retirement age, or reduced benefit at early retirement age</li> </ul>
e. Benefit Determination Base	Average compensation- Accrued benefit is 2.625% of final average compensation multiplied by the number of year of credited service
f. Benefit Determination Methods:	Accrued benefit payable immediately.
- Normal Retirement	
- Early Retirement	Accrued benefit payable starting at normal retirement age or accrued benefit reduced 5% per year for commencement prior to normal retirement age
- Disability Retirement	Accrued benefit payable upon disablement without reduction for early payment
- Death Benefit	50% of accrued benefit is payable to spouse until death or remarriage, non-married participants 50% of the accrued benefit is payable for 5 years
- Prior to 10 Year Service	Return of employee contributions with accrued interest.

**TOWN OF MOORELAND, OKLAHOMA**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2014**

**g. Form of Benefit Payments**

Normal form of payment of the accrued benefit is a monthly lifetime annuity with 5 years certain. Other retirement benefits are available under actuarially equivalent optional forms

**Funding Status and Progress**

Actuarial Valuation Date	Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a % of Covered Payroll (b-a/c)
01/01/14	1,176,136	1,359,766	183,630	86.5%	359,073	51.1%

**a. Date of last Actuarial Valuation**

July 1, 2014

**b. Significant Actuarial Assumptions Used:**

- |                                  |                               |
|----------------------------------|-------------------------------|
| 1. Rate of Return on Investments | 7.5% per annum                |
| 2. Projected Salary Increase     | Rates by age                  |
| 3. Retirement Age                | Rates by age                  |
| 4. Mortality Table               | UP 1994 mortality (projected) |
| 5. Turnover                      | Rates by age and service      |
| 6. Asset Value                   | Actuarial method              |

**c. Actuarial cost method**

Entry age normal

**d. Fiscal Year 2014 Contributions Made**

Total Contributions	\$55,776
Employee Contributions	\$12,945
Employer Contributions	\$42,831

**B. Oklahoma Firefighter's Pension and Retirement Systems**

**Plan Description**

The Town participates in a statewide, cost-sharing, multiple-employer defined benefit plans on behalf of firefighters. The table below is a summary of eligibility factors contribution methods, and benefit provisions. The Town of Mooreland is supported by a voluntary force of firefighters.

This system is administered by agencies of the State of Oklahoma and funded by contributions from participants, employers, insurance premium taxes, and state appropriations as necessary.

	<u>Oklahoma Firefighter's Pension and Retirement System</u>
Eligibility to participate	All full-time or voluntary firefighters of a participating municipality hired before age 45.
Authority establishing contribution obligations and benefits	State Statute
Plan member's contribution rate	0% of covered payroll
Town's contribution rate	\$60 per year, per firefighter (volunteer)
Period required to vest	10 years
Benefits and eligibility for distribution (full time)	NA
Benefits and eligibility for distribution (volunteer)	20 years credited service equal to \$6.96 per month per year of service, with a maximum of 30 years considered.
Disability Benefits	Paid in line with 20 years of service or actual years if greater than 20.
Deferred retirement option	Yes, 20 years credited service with continued service for 30 or more years.

Employer contribution rates are determined by Oklahoma State Statute and administered by agencies of the State.

The Town made required contributions of \$1,260 to the Oklahoma Firefighter Pension and Retirement System for the year ended June 30, 2014.

Copies of the actuarial reports may be obtained from the state retirement systems; Oklahoma Firefighter Pension and Retirement System at 4545 N. Lincoln Blvd. Suite 265, Oklahoma City, OK 73105.

**(6) COMMITMENTS AND CONTINGENCIES**

**A. Litigation**

The Town is a party to various legal proceedings, which normally occur in the course of governmental operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings. State statutes provide for the levy of an ad valorem tax over a three-year period by a Town "Sinking Fund" for the payment of any court assessed judgment rendered against the Town.

**B. Grant Program Involvement**

In the normal course of operations, the Town participates in various federal or state grant/loan programs from year to year. The grant/loan programs are often subject to additional audits by agents of the granting or loaning agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Town of Mooreland, Oklahoma  
General Fund  
Statement of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance  
Budget and Actual (Non-GAAP Budgetary Basis)  
Year Ended June 30, 2014

	Approved Budget	Actual	Variance - Favorable (Unfavorable)
<b>REVENUES</b>			
Sales tax	\$ 385,000	\$ 430,119	\$ 45,119
Use tax	40,000	48,220	8,220
Tobacco tax	4,000	5,605	1,605
Beverage tax	10,200	12,658	2,458
Gasoline excise tax	2,750	2,176	(574)
Motor vehicle tax	8,700	9,312	612
Franchise taxes	15,500	14,515	(985)
Licenses & permits	3,500	2,707	(793)
Grants	-	4,474	4,474
Charges for services:			
Police fines	30,000	-	(30,000)
Swimming pool fees	3,000	4,238	1,238
Rental fees	11,300	13,005	1,705
Fire donations	600	801	201
Other revenue	7,000	19,728	12,728
Interest	550	823	273
Total revenues	<u>522,100</u>	<u>568,381</u>	<u>46,281</u>
<b>EXPENDITURES</b>			
General government:			
General government	145,200	143,975	1,225
Total general government	<u>145,200</u>	<u>143,975</u>	<u>1,225</u>
Public safety and judiciary:			
Police	181,100	174,743	6,357
Fire	90,531	77,337	13,194
Emergency Management	5,850	463	5,387
Municipal Court	3,340	-	3,340
Total public safety and judiciary	<u>280,821</u>	<u>252,543</u>	<u>28,278</u>
Transportation:			
Street	120,400	100,075	20,325
Airport	45,250	9,387	35,863
Total transportation	<u>165,650</u>	<u>109,462</u>	<u>56,188</u>
Cultural, parks and recreation:			
Park	48,400	54,096	(5,696)
Community center	10,000	-	10,000
Total cultural, parks and recreation	<u>58,400</u>	<u>54,096</u>	<u>4,304</u>
Total expenditures	<u>650,071</u>	<u>560,076</u>	<u>33,807</u>
Revenue over (under) expenditures	(127,971)	8,305	80,088
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating transfers in/(out)	75,000	(24,952)	(99,952)
Net other financing sources (uses)	<u>75,000</u>	<u>(24,952)</u>	<u>(99,952)</u>
Revenues and other financing sources over (under) expenditures and other uses	(52,971)	(16,647)	(19,864)
Fund balance at beginning of year (Non-GAAP budgetary basis)		898,645	898,645
Fund balance at end of year (Non-GAAP budgetary basis)		\$ 881,998	<u>\$ 878,781</u>
<b>ADJUSTMENTS TO GENERALLY ACCEPTED ACCOUNTING PRINCIPLES</b>			
Revenue and transfer accruals		(7,999)	
Expenditure and transfer accruals		(27,947)	
Fund balance at end of year (GAAP basis)		<u>\$ 846,052</u>	



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Town Council  
Town of Mooreland, OK

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Mooreland, OK, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Town of Mooreland, OK's basic financial statements and have issued our report thereon dated April 29, 2015. Due to the lack of sufficient documentation to audit the accounts receivable for services, including the related allowance for losses, the accrued compensated absences and their related revenue/expense account(s), we issued a qualified opinion for the governmental activities, business-type activities, general fund, and public works authority.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Town of Mooreland, OK's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Mooreland, OK's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Mooreland, OK's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying schedule of findings and responses to be material weaknesses: Finding 2014-002 and Finding 2014-004.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompany schedule of findings and responses to be significant deficiencies: Finding 2014-001 and Finding 2014-003.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Town of Mooreland, OK's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests

disclosed an instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as Finding 2014-004.

**Town of Mooreland, OK's Response to Findings**

Town of Mooreland, OK's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Town of Mooreland, OK's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

FSW&B CPA's - PLLC

FSW&B CPA's- PLLC

Woodward, OK

April 29, 2015